

Strategies for Managing Lost Time Claims

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In 2005

An estimated \$55.3 billion was paid out
under workers compensation



National Academy of Social Insurance

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Employers with aggressive Early
Return to Work (ERTW) Programs
can reduce average disability duration
by almost 20%

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Group of Occupational Medicine Doctors Surveyed:

How much of the time off work they certify is
directly related to the objective medical
conditions of an industrial injury?

10%

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The majority of time loss from work related
injuries is due to secondary gain

- Financial hardship
- Psychosocial stressors
- Poor job performance
- Job dissatisfaction
- Poor relations at work with coworkers
and/or supervisors
- Drug use

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“The single most potent weapon you have to combat secondary gain is the ability to provide work.”



Washington Workers' Compensation Review

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Best way to avoid fraudulent claims

Keep People Working



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Injured Worker off 6 months; only a 50% chance of RTW.

Injured Worker off a year; only a 25% chance of RTW.

Injured Worker off 2 years; all bets are off!

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Benefits of RTW Programs

- Increase employee morale and loyalty
- Maintain quality/production
- Retain experienced workforce
- Less expensive than rehiring and training
- Reduce claims cost
- Decrease medical costs
- Less chance of litigation

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Benefits to the Injured Worker

- Maintain full, regular paycheck
- Prevent deconditioning
- Recover more quickly
- Re-establish routine for injured worker
- Smoother transition from injury back to regular duty
- Maintain social network/work relationships
- Avoid depression

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Example

Jack makes \$600.00 per week (\$15.00 hour at 40 hours) Jack's compensation rate is \$400.00 (2/3 of \$600.00)

| A | | B | |
|-------------------------|----------|----------------------------------|----------|
| No modified duty | | Modified duty at 1/2 time | |
| • Earned Income | \$000.00 | • Earned income | \$300.00 |
| • Loss income | \$600.00 | • Loss income | \$300.00 |
| • Comp (2/3) | \$400.00 | • Comp (2/3) | \$200.00 |
| • Total Income | \$400.00 | • Total Income | \$500.00 |

* Jack makes 25% more (\$100.00 per week) if he works light duty

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E-Mod

Compares your workers compensation costs to your competitors

- NCCI (National Counsel on Compensation Insurers)
- If better (lower e-mod) than competitors, you pay less
- If worse (higher e-mod) than competitors, you pay more
- Compensation (lost time) claims reported to NCCI at full cost
- Medical Only claims reported to NCCI at 30% of cost

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Example: E-Mod Reduction as a Result of Modified Duty

Jack has a hernia. He is unable to do his regular job for 6 weeks. Can do modified work. Medical expenses are \$3,000.00

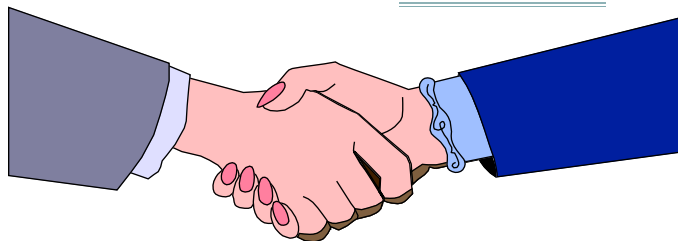
| | Company A (No Modified Duty) | Company B (Modified Duty) |
|--------------------|---------------------------------|------------------------------|
| • Meds = | \$3,000.00 | \$3,000.00 |
| • Comp = | \$2,400.00 | -0- |
| • Total Costs = | \$5,400.00 | \$3,000.00 |
| • NCCI Factor= | 100% | 30% |
| • Reported Costs = | \$5,400.00 | \$900.00 |

* All other things being equal, Company B will have a lower E-Mod. A Modified Duty Program can help a company achieve and keep a lower E-Mod.

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Early Return to Work A Win-Win Process



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Steps to Develop Your Return-To-Work Program

- Organize RTW team
- Develop policy and procedures
- Conduct task analysis for each job description
- Develop productive transitional work assignments
- Educate everyone

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Communication is the key!

- Involve everyone in the process!
- For your return to work process to be effective, everyone must understand the procedures and be willing to follow them.



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Return to Work Coordinator

- Usually same as workers' comp coordinator
- Responsible for directing RTW efforts
- Organizes RTW team

- ✓ Human Resources Staff, Case Manager
- ✓ Safety Personnel
- ✓ Management
- ✓ Medical Staff / Physician
- ✓ Employees
- ✓ Union Representative



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Management Commitment

- **RTW Policy Statement may include:**
 - Focus on employees' abilities, not disabilities
 - Return injured employee as soon as medically possible
 - Incorporate active safety program
 - Recognize RTW as a **benefit** for all legitimate injuries

Sample policy, page 3

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Return-To-Work Procedures

- Written procedures your company will follow after an injury occurs
 - developed by RTW team
 - customized to fit needs of your company
 - states RTW responsibilities of
 - Employer
 - Workers' comp coordinator
 - Employee
 - Supervisor
 - Physician

Samples pages 4, 5



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Develop Accurate Job Descriptions

- Helps determine if the injured employee is able to *return to same job* and *guides placement* in other jobs
- Identifies essential functions and marginal functions
- Identifies the requirements of each position
 - **specific skills, education, experience & physical demands**

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Job Descriptions

Objectives

- ✓ **Define physical demands of the job**
- ✓ **Identify productive transitional work**
 - find tasks with minimal physical demands to use as potential RTW assignments
- ✓ **Identify hazards**
 - find dangerous tasks and redesign to minimize the risk of injury

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Job Descriptions

- A mechanism to assess task and workstation design that identifies
 - * frequency and duration of tasks
 - * physical demands on employees
 - * equipment and tools used
 - * environmental conditions

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Essential Functions

- **Essential functions** are those fundamental duties that, if not performed, would substantially alter the purpose and performance of the position.
- **To identify essential functions**
 - * Focus on purpose of the function and the result to be accomplished
 - * Do not focus on manner in which the function is currently being performed

Example: Lifting vs. Moving
Example: Typing vs. Inputting

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Essential vs. Marginal

- **Job:** Forklift operator
- **Goal:** Provide forklift services for warehouse
- **Tasks:**
 - ✓ Conduct pre-operational inspection
 - ✓ Load trailer with drums
 - ✓ Stack drums in railcar
 - ✓ Change forks
 - ✓ Refuel

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How Do I Develop Productive Transitional Work?

- What tasks are not being performed now?
- What tasks are performed occasionally?
- What tasks - **if done by injured employee** - would free other employees to do their jobs more efficiently?



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Transitional Duty

- Designed to return a recovering employee to the workplace in a meaningful, safe and productive job
- Conforms to the physician's restriction(s)
- Recommend flexibility to accommodate treatment needs

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Consider Volunteer RTW

- Eliminate need for “make work” programs.
- Continuous employment of disabled workers.
- Contribute to your community
- Accelerated return to work
- Reduced absence-related costs.
- Recognition/enhancement of community image.
- Potential tax implications.

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Transitional Duty is Time Limited!

- Identify beginning and end date
- Review requirements on a regular basis
- Increase requirements, as appropriate
- On end date, obtain full release from treating physician or reassess conditions of transitional duty position
- **Treating physician must agree with change in transitional duty!!!**



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Healthcare Providers....

- Designate a Clinic/Provider
- Invite healthcare provider to facility
- Send supervisor with injured worker to initial visit
 - Current job descriptions with Task Analysis
 - Identified transitional productive work
- If supervisor cannot go, send letter
- Ask injured worker to sign medical release
- **Make sure you receive a work release or restrictions after EACH doctor visit.**

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Transitional Duty Wages

- Recommend paying full wage for transitional duty
- If transitional duty assignment pays less, worker entitled to TPD
- TPD differential computed at 2/3 the difference between AWW at time of injury compared to wages during transitional duty

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Stay Informed

- Follow up with the worker after each doctor's appointment
 - What is the worker's perception of recommended treatment
 - When is the next doctor's appointment
- Keep in contact with the doctor
 - Stay current on work restrictions
 - Make sure changes in transitional duty meet new restrictions

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Alternative Productive(Transitional) Work Agreement

- Employee must be released by doctor to transitional duty
- RTW Coordinator meets with employee and Supervisor to go over agreement which:
 - is written
 - states specific information about position and restrictions
 - Is signed by Worker, Supervisor and RTW Coordinator
- Ensures everyone is on the same page and prevents miscommunication!
- Review/revise regularly.

Sample page 32

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Bona Fide Offer of Employment

- Employee must be released by doctor to transitional duty
- Use when the employee *cannot* or *will not* come to you.
- Employer provides bona fide offer to employee, which:
 - is written
 - states specific information about position and restrictions
 - Sent via certified mail with a copy to your adjuster
- If employee rejects transitional duty in person or through the bona fide offer, benefits may be stopped.
- If rejected in person, recommend sending a certified letter confirming it similar to the bona fide offer.

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RTW Information Should Be....

- Included in Employee Handbook as a benefit
- Discussed at new employee orientation
- Presented as a topic for safety meeting
- A responsibility of all supervisors & management
- ***Educate & train your supervisors!!!***

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Successful RTW Tips

- Reporting incident within 24 hours
- Hold RTW meetings
- Standardize job descriptions
- Train Healthcare providers in RTW process
- Provide healthcare provider with RTW information
- Maintain regular contact with injured employee

✓ **Communication**



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Questions?

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